

Department of Community and Economic Development

Economic Development Committee Meeting

June 6, 2005

4:00 p.m.

4th Floor Conference Room 4A

City Hall

777 B Street

Hayward, CA 94541-5007

A G E N D A

Public Comments: (Note: For matters not otherwise listed on the agenda. The Committee welcomes your comments under this section but is prohibited by State Law from discussing items not listed on the agenda. Your item will be taken under consideration and referred to staff.)

- 1. Call to Order**
- 2. Approval of Minutes (May 2, 2005)**
- 3. Economic Development Activities Update for May**
- 4. Selection of Nominating Committee for Officers (Officers to be seated at the July 11, 2005 EDC Meeting)**
- 5. Residential Real Estate Update:**
 - 1. Nancy Rogers, BayEast Association of Realtors**
 - 2. Bob Glover , Home Builders Association of Northern California**
- 6. Committee Member Announcements**
- 7. Adjournment**



Assistance will be provided to those requiring accommodations for disabilities in compliance with the Americans with Disabilities Act of 1990. Please request the accommodation at least 48 hours in advance of the meeting by contacting Katy Ramirez at 510/583-4250 or by calling the TDD line for those with speech and hearing disabilities at 510/247-3340.

**ECONOMIC DEVELOPMENT COMMITTEE
REGULAR MEETING MINUTES
MAY 2, 2005**

CALL TO ORDER: Chair Mullins called the meeting to order at 4:15 p.m.

ATTENDANCE:

Committee Member	Present 5/02/05	All Meetings Year to Date		Meetings Mandated By Resolution	
		Present	Absent	Present	Absent
Timothy Barrow	✓	9	1	9	1
Mayor Cooper	✓	9	1	9	1
Council Member Ward	✓	7	3	7	3
Council Member Dowling	✓	10		10	
Ed Mullins (Chair)	✓	10		10	
Joel Peña (Vice Chair)	✓	8	2	8	2
Lisa Ringer	✓	8	2	8	2
Kenneth Gibson	no	7	3	7	3

OTHERS ATTENDING:

Sally Porfido, Economic Development Specialist
Jeff Starkovich, Managing Partner, B. T. Commercial
Doug Norton, Senior V.P., CB Richard Ellis

PUBLIC COMMENT: None

APPROVAL OF MINUTES: The minutes of April 4, 2005 were approved.

ECONOMIC DEVELOPMENT ACTIVITIES UPDATE FOR April:

Site selection assistance was provided to P R Motorsports, 19845 Cabot Blvd., Hayward. Rick Weldon, owner, is looking to relocate to a larger facility to either purchase or lease and prefers to remain in Hayward. He has operated his business in Hayward for over 17 years.

Staff spoke to 10 potential small business loan applicants. A majority of these were interested in start-up business financing. Staff referred these applicants to appropriate contacts at the SBA regarding the MicroLoan Program and the SOHO Loan Program and gave appointment information for the Hayward Chamber of Commerce SBA Score Counselor. In addition, SBA Start-Up Information Booklets were sent to all who

requested one.

COMMERCIAL/INDUSTRIAL REAL ESTATE UPDATE:

Jeff Starkovich, Managing Partner, BT Commercial, was the first speaker. He explained that 2004 was the best year of leasing activity since 1997. This increased leasing activity is still happening. For industrial product, the bulk of the demand is in the 10,000 – 25,000 square feet range. Hayward is among the most affordable. Hayward's commercial building base is 52% Warehouse, 45% Industrial and 3% R & D.

The two economic engines in the East Bay are the Port of Oakland and the Oakland Airport. The Port of Oakland is the 4th busiest container port in the U.S. Imports and exports are increasing. Access to the airport was made easier with roadway improvements. Nearby access to the airport is vital for East Bay business to ship and receive parts and products in a timely manner.

BT Forecast – lease rates are poised for a slight to modest increase prior to year end. Building sales will remain strong, but values may take a hit as interest rates go up. The East Bay industrial market will continue to improve, vacancies will shrink and there will be competition for quality space.

Doug Norton, Senior Vice President of CB Richard Ellis was the second speaker. He explained that Hayward has a total vacancy rate of 7.9%. In the Oakland/East Bay Market, San Leandro had the lowest vacancy rate of 6.3% and Newark had the highest of 24.6%.

Market trends reflect a sense of economic optimism, however user activity remains lackluster. The return of smaller users indicates a recovering market. CB Richard Ellis expects rental rate softness to continue into late 2005. There continues to be strong user interest in building ownership.

There is increased interest in demo/conversion of large industrial sites to residential and/or retail. Also, institutional interest in leased investment remains strong.

What's hot –

- Extremely small owner/user condo units
- Industrial land, if you can find it
- Larger (100,000 + sq. ft.) users with functional yard, port related distribution uses
- Of the 243,000 private payroll jobs added in the state in the past two years 122,000 can be directly tied to the housing market. What this means is that a sector of the economy that makes up 10% of total private sector jobs is accounting for 70% of the total job gains.

What's not hot –

- Heavily improved office and R&D
- Manufacturing properties, except as teardown
- Traffic.

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Mr. Norton requested the City Of Hayward's help with:

1. Easing the stance regarding "up-zoning" of remaining industrial land.
2. Incorporate and improve infrastructure in last pockets of industrial dirt in Depot Road, Dunn Road and Saklan Road areas.
3. Streets in some industrial and R&D areas could use some work such as Breakwater and Crocker South (San Clemente).

COMMITTEE MEMBER ANNOUNCEMENTS:

None.

ADJOURNMENT: Meeting was adjourned at 5:10 p.m.